

EXECUTIVE CHAIRMAN'S MANAGEMENT DISCUSSION AND ANALYSIS

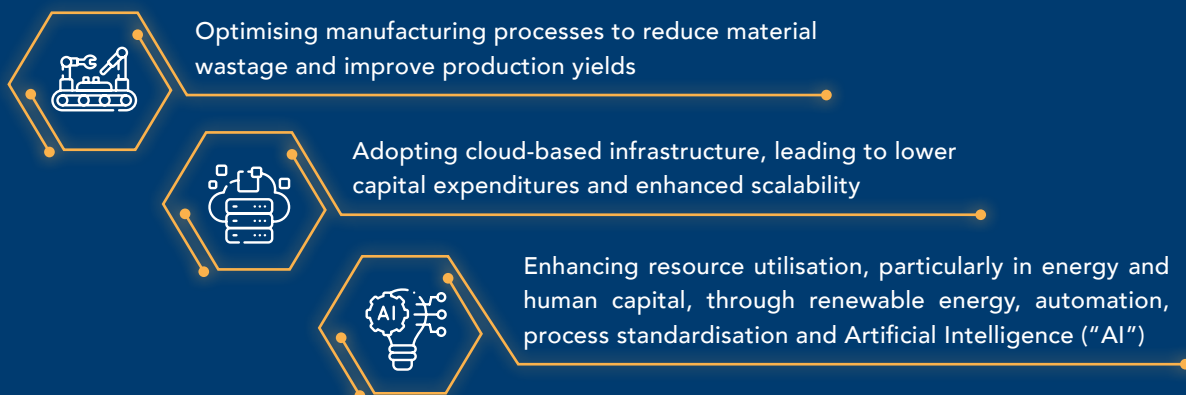
Dear Valued Shareholders,

The year under review (financial year ended 31 March 2025, "FY2025") presented a challenging and evolving business landscape, shaped by rising geopolitical tensions, currency volatility and global supply chain disruptions. In the face of these multifaceted challenges, IRIS Corporation Berhad ("IRIS") remained agile, resilient and focused on what we do best - delivering innovative and Trusted Identification ("ID") products and solutions around the world.

The Group posted Profit After Tax ("PAT") of RM23.9 million in FY2025, a 25% lower compared to FY2024 PAT of RM32.2 million. The lower PAT was largely impacted by a one-off impairment loss on goodwill amounting to RM12.0 million and lower revenue from ePassports and eID cards deliveries.

In FY2025, IRIS continued to maintain a strong focus on cost-saving measures as a strategic priority to enhance operational efficiency, boost productivity and strengthen cash flow. Amid dynamic market conditions, we implemented a range of initiatives aimed at sustaining long-term business resilience without compromising performance or service quality.

Amongst other, the key initiatives include the following:



EXECUTIVE CHAIRMAN'S MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

At IRIS, our employees are central to our success, playing a pivotal role in driving efficiency, innovation and growth. The Group remains steadfast in its commitment to safeguarding the health, safety and well-being of our employees. In addition, we have significantly ramped up our investment in employee training and development to support our strategic goals and nurture future-ready talent.

In FY2025, we recorded a 47.6% increase in total training hours, underscoring our commitment to strengthen our human capital. These learning initiatives equip our employees with the tools, skills and knowledge necessary to stay ahead of the curve and fuel long-term sustainability for IRIS.

On the Environmental, Social and Governance ("ESG"), IRIS remains firmly committed to upholding our role as a responsible corporate leader by continually strengthening our ESG frameworks and aligning our practices with evolving global standards, regulatory expectations and the priorities of our stakeholders. Our approach to sustainability is integrated into our strategic decision-making, operational practices and long-term value creation agenda.

In support of our material sustainability matters and in alignment with Bursa Malaysia's emphasis on environmental performance, we continuously minimise our environmental footprint through structured, certified and proactive measures. We manage our environmental responsibilities under the ISO 14001:2015 Environmental Management System ("EMS"), which serves as a robust framework to govern our efforts in energy efficiency, water resource management and waste minimisation.

As part of our climate action strategy, we have completed the installation of rooftop solar photovoltaic (PV) panels at our headquarters to generate renewable energy. This initiative underscores our commitment to reducing greenhouse gas emissions by lowering dependency on conventional power sources and promoting the use of clean energy. It also aligns with national and global climate goals, contributing to a more sustainable and resilient future.

In accordance with Bursa Malaysia's principles of good corporate governance and ethical behaviour, the Board of Directors provides oversight of the Group's ESG initiatives and continuously reinforces the importance of accountability, transparency and integrity in all business dealings.

To uphold these values and mitigate reputational and compliance risks, the Group continues to strengthen its governance framework through the enhancement of Anti-Bribery and Anti-Corruption Policy, No Gift Policy, Whistleblowing Policy Sustainability Policy and Fit and Proper Policy.

These policies are integral to our Enterprise Risk Management ("ERM") framework and reflect the Group's zero-tolerance stance on unethical conduct. Regular training, internal audits and stakeholder feedback mechanisms are in place to ensure compliance and awareness across the organization.

In FY2025, IRIS achieved a key milestone in its sustainability journey with its inaugural inclusion in the FTSE4Good Bursa Malaysia Index ("F4GBM"),



earning a
3 -Star ESG rating

Developed by global index provider FTSE Russell, the F4GBM Index serves as a benchmark for Malaysian companies that demonstrate leading ESG practices.

EXECUTIVE CHAIRMAN'S MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

This recognition reflects the tangible progress of our broader ESG strategy, which is anchored in responsible governance, environmental stewardship and inclusive growth. It reinforces our commitment to embedding sustainability into every aspect of our operations—ensuring long-term value creation for our stakeholders, society and the environment.

GROUP FINANCIAL PERFORMANCE

In FY2025, IRIS delivered a resilient performance amidst a challenging operating environment marked by geopolitical uncertainties, supply chain challenges and slower-than-expected global economic recovery. The Group recorded a revenue of RM221.0 million compared to RM371.1 million in FY2024. The contraction was primarily attributable to lower volume deliveries of ePassports and eID cards across several key overseas projects.

Despite the decline in revenue, the Group recorded a Profit Before Tax (PBT) of RM33.4 million compared to PBT of RM40.4 million in FY2024, reflecting strong operational discipline and efficiency gains from cost-optimisation initiatives.

For FY2025, Trusted ID Division remained the core revenue contributor, accounting for RM220.2 million, or over 99% of the Group's total revenue. Trusted ID's PBT was RM56.5 million compared to FY2024's PBT of RM63.9 million, supported by robust margins and enhanced productivity. The division also benefited from gains on disposal of a subsidiary and other income, including forfeiture income of RM7.0 million and interest income totalling RM4.5million.

The PBT for the other non-core business division was RM2.1 million compared to FY2024 Loss Before Tax (LBT) of RM2.4 million.

The Group's Total Equity Attributable to the Owners of the Company improved by 2% to RM387.3 million from RM379.4 million in FY2024. In addition, the net assets per share improved to 47.48 sen from 46.51 sen, indicating sustained value creation and healthy balance sheet management.

As a demonstration of confidence in the Group's long-term prospects and to reward shareholders for their support, IRIS declared and paid two single-tier interim dividends of 1 sen each per ordinary share during FY2025. These payments were made on 20 December 2024 and 28 March 2025, respectively, amounting to a total dividend payout of RM16.3 million.

In addition, I am pleased to announce that the Board is recommending a final single-tier dividend of 0.5 sen per ordinary share for FY2025 to be approved by shareholders in the coming annual general meeting.

Moving forward, IRIS is well-positioned to sustain its revenue stream through ongoing Trusted ID projects across the Africa and Asia regions. We will continue to strengthen our Trusted ID business, unlock further efficiencies and explore strategic growth avenues that prioritise value creation and sustainable shareholder returns.

Group Revenue

RM221.0 million

(RM371.1 million in FY2024)



Profit Before Tax

RM33.4 million

(RM40.4 million in FY2024)



Trusted ID's Profit Before Tax

RM56.5 million

(RM63.9 million in FY2024)



EXECUTIVE CHAIRMAN'S MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Group Financial Summary 2025

Summary of financial information	FY2025 RM'000	FY2024 RM'000	FY2023 RM'000	FY2022 RM'000	FY2021 RM'000
REVENUE	221,001	371,108	348,871	210,987	106,618
Profit/(Loss) before taxation	33,367	40,380	32,840	4,192	(9,569)
Profit/(Loss) after taxation	23,909	32,244	21,890	3,405	(12,865)
Total Equity attributable to owners of the Company	387,299	379,412	347,121	325,350	314,123
Current assets	433,357	447,436	330,915	280,000	234,353
Non-current assets	169,053	184,870	197,601	229,011	229,532
Total assets	602,410	632,306	528,516	509,011	463,885
Current liabilities	206,411	243,187	173,226	170,066	152,957
Non-current liabilities	10,406	11,570	10,011	15,447	19,504
Total liabilities	216,817	254,757	183,237	185,513	172,461
Net assets	385,593	377,549	345,279	323,498	291,424

KEY RATIO	Basis					
Pre-tax profit/(loss) margin	(%)	15.10%	10.88%	9.41%	1.99%	(8.98%)
Post-tax profit/(loss) margin	(%)	10.82%	8.69%	6.27%	1.61%	(12.07%)
Basic earnings/(loss) per share	(sen)	2.91	3.95	2.68	0.44	(1.48)
Net assets per ordinary share attributable to owners of the Company	(sen)	47.48	46.51	42.56	39.88	40.80
Total borrowings to equity ratio	(%)	0.48	0.89	0.81	2.31	5.97

Note: The basic earnings/(loss) per share and net assets per ordinary share for FY2023, FY2022 and FY2021 have been restated to reflect the retrospective adjustment arising from consolidation of shares which was completed on 25 March 2024.

EXECUTIVE CHAIRMAN'S MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

STRENGTHENING TRUSTED ID

As the inventor of the world's first ePassport and the world's first multi-application eID card, IRIS has long been synonymous with innovation in Trusted ID. Our brand promise—*Bringing Solutions to Life*—remains the cornerstone of how we think, build and deliver as a trusted technology partner to governments and enterprises worldwide.

IRIS continues to reinforce its reputation as a global provider of Trusted ID solutions. Backed by over 30 years of experience, we have, as of March 2025, deployed

more than **109.1 million**
ePassports / inlays

and over **187.3 million**
eIDs and driving license cards
worldwide.



The sustained demand for ePassport and eID solutions remains underpinned by the global trend towards secure ID documents. According to Future Market Insights, the ePassport market is projected to surge from USD69.6 billion in 2025 to USD497 billion by 2035.

Parallel to this growth in ePassports, the eIDs and Digital ID landscape is also evolving rapidly. Dataintelo Market Report shared that the global biometric ID market is forecast to expand from USD4.2 billion in 2023 to USD14.7 billion by 2032.

IRIS is strongly positioned to seize these emerging market opportunities, backed by our proven expertise, extensive experience and consistent track record in delivering Trusted ID solutions. We are more than technology providers; we are long-term partners in our clients' growth



journeys. Our commitment to putting clients at the heart of everything we do has enabled us to foster and sustain enduring relationships across continents.

In addition, we continue to participate at numerous industry events including ID4Africa, an annual prominent international industry exhibition. ID4Africa serves as a strategic avenue to engage with new prospects, strengthen relationships with existing clients and elevate IRIS's brand visibility in a competitive landscape. Participation in these platforms enables us to stay at the forefront of industry developments, gain critical market intelligence and ensure IRIS remains agile, relevant and future-ready in a rapidly evolving Trusted ID market.

Ensuring timely and high-quality delivery of all our projects remains a top priority at IRIS. In FY2025, we continued to supply ePassports and inlays to Guinea, India, Nigeria, Senegal and the Solomon Islands. As an Intergraf-certified security printer and supplier, IRIS is well-equipped to deliver secure, ICAO (International Civil Aviation Organisation) compliant ePassports tailored to specific customer requirements. We work closely with our clients to incorporate the latest technological advancements and security design innovations into their passport solutions.

EXECUTIVE CHAIRMAN'S

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

The Group also continued to deliver various forms of ID cards to countries such as Brunei, Bhutan, Canada, Malaysia, Senegal, Sri Lanka, Tanzania and Zanzibar. Building on our strong track record of quality and reliability, we secured a new 10-year contract in FY2025 to supply national ID cards to Bhutan.

Another promising avenue for growth lies in the expanding ID Document Readers market. According to Data Insights Market, the global market is valued at approximately

USD2.5 billion

in 2025 and is projected to grow at a compound annual growth rate (CAGR) of 12%, reaching USD7 billion by 2033. This signals significant opportunities for IRIS to capture value in a space where digital identity, security and mobility are increasingly converging.



In tandem with this trend, our Smart ID Document Readers experienced strong domestic uptake across a broad spectrum of industries—including banking, healthcare, insurance, money services, legal firms and retail. This widespread adoption underscores the relevance, reliability and versatility of our solutions in meeting the evolving identity verification needs of both public and private sector clients.

IRIS continued to push the boundaries of identity technology innovation with the launch of our new

Handheld Biometric Tablet



that integrates mobility, biometric authentication and secure ID processing. This cutting-edge device has garnered strong market interest within Malaysia, positioning it as a key enabler for secure, on-the-go identity verification.

In FY2025, the Group continued to supply Touch 'n Go with premium-quality smart cards that seamlessly blend technology with consumer appeal, amplifying brand engagement and reinforcing the growing demand for visually distinctive payment solutions.

Backed by a comprehensive portfolio of smart cards—including LED cards, loyalty and access cards and eco-friendly wooden cards—IRIS is well-positioned to address the diverse needs of modern enterprises. Our smart cards are crafted with a fusion of durability, security and design innovation, offering businesses a strategic edge in customer engagement, branding and operational efficiency.

Our confidence in our strategic direction remains firm. Moving forward, we are committed to executing our strategy to accelerate growth and deliver future-ready identity solutions that meet the evolving needs of a digital-first world.

EXECUTIVE CHAIRMAN'S MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

CORPORATE DEVELOPMENTS

I would like to report on the following corporate developments exercise:

1. Disposal of 100% equity interest in a wholly owned subsidiary, IRIS Tech Ventures Sdn Bhd ("ITV")

The Company had on 6 December 2024 entered into a Shares Sale Agreement ("SSA") with PP Cylabs (M) Sdn Bhd ("PCMSB") for the disposal of 100% equity interest comprising 2,749,000 ordinary shares in ITV, for a total cash consideration of RM2,385,500 only ("Proposed Disposal").

The Proposed Disposal is deemed a related party transaction pursuant to Rule 10.08 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad by virtue of Dr Poh Soon Sim, the Executive Chairman and a major shareholder of IRIS, being the sole director and sole shareholder of PCMSB.

The Proposed Disposal was completed on 18 February 2025 in accordance with the terms and conditions of the SSA. ITV had ceased to be a wholly owned subsidiary of the Company since then.

2. (I) Proposed exchange of ordinary shares in IRIS Corporation Berhad ("IRIS") with new ordinary shares in IRIS Group Berhad ("IGB") on the basis of 1 new IGB share for every 1 existing IRIS share held ("Proposed Share Exchange"); and (II) Proposed assumption of the listing status of IRIS by IGB and the admission of IGB to and withdrawal of IRIS from the official list of Bursa Malaysia Securities Berhad ("Proposed Transfer of Listing Status")

The Company had on 18 April 2025, announced that it proposed to undertake the proposed internal reorganisation by way of a members' scheme of arrangement under Section 366 of the Companies Act, 2016 ("Act") ("**Scheme of Arrangement**") comprising the following proposals:

- (i) Proposed Share Exchange which entails the proposed exchange of 815,727,624 IRIS Shares, representing the entire issued share capital of IRIS, with 815,727,624 IGB Shares on the basis of 1 new IGB Share for every 1 existing IRIS Share held on the entitlement date to be determined later; and
- (ii) Proposed Transfer of Listing Status which entails the proposed assumption of the listing status of IRIS by IGB and the admission of IGB to and withdrawal of IRIS from the Official List of Bursa Securities with the listing and quotation of all IGB Shares on the ACE Market of Bursa Securities.

(collectively referred to as the "**Proposed Internal Reorganisation**").

In conjunction with the Proposed Internal Reorganisation, IRIS had on 18 April 2025, entered into a conditional scheme agreement with IGB for the purpose of the implementation of the Proposed Internal Reorganisation ("**Scheme Agreement**").

The Proposed Internal Reorganisation is expected to be completed in the fourth quarter of 2025. On completion of the Proposed Share Exchange, it is agreed that IGB will be the new holding company of IRIS.

On completion of the Proposed Transfer of Listing Status, IRIS will be delisted from the Official List of Bursa Securities and IGB will be admitted to the Official List of Bursa Securities in place of IRIS with the listing and quotation of the entire enlarged issued and paid-up share capital of IGB on the ACE Market of Bursa Securities.

EXECUTIVE CHAIRMAN'S MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

NAVIGATING FY2026 AND BEYOND

As we enter FY2026, the global Trusted ID industry is undergoing profound transformation. On the demand side, national Digital ID programmes, Digital Travel Credentials (DTC) and smart citizen services are gaining momentum, underpinned by increasing digitisation of government functions and global mobility. Yet, on the supply side, the industry is increasingly competitive due to aggressive Mergers & Acquisitions ("M&As") and technological convergence.

The past year has seen an acceleration of M&As involving global identity providers, cybersecurity software companies and biometric solution firms. These merged entities are reshaping market dynamics and will have more resources, solutions and project references to strengthen their competitiveness.

In this context, IRIS remains focused on strengthening our core competencies to ensure we remain competitive, relevant and resilient. We are implementing key initiatives to adhere to ICAO standards and to ensure our offerings are on par with leading global benchmarks and market expectations.

Additionally, we plan to adopt AI technology to enhance identity registration and authentication processes, while progressively applying

Post Quantum Cryptography ("PQC")



into IRIS' backend systems to future-proof our security infrastructure.

As the Group navigate the challenges ahead, we remain committed to prudent cost optimisation, operational efficiency and business sustainability. Our strategic priorities are closely aligned with our ESG principles, ensuring that growth is both responsible and inclusive.

As we enter FY2026, the Group will continue to focus on cultivating a safe, inclusive and empowering workplace that attracts and retains talent, encourages continuous learning and promotes employee well-being. By embedding a culture of innovation, accountability and sustainability across all levels of the organisation, we aim to enhance IRIS's resilience, agility and competitiveness.

NOTE OF APPRECIATION

I would like to express my heartfelt appreciation to my esteemed colleagues on the Board, the key management team and all employees of IRIS for their continued dedication, passion and resilience throughout this financial year. Your commitment to excellence and innovation has been the bedrock of our performance and enduring progress.

My sincere gratitude also extends to our loyal shareholders for their continued confidence in the Group and belief in our long-term direction. I would like to thank all our valued customers, strategic partners and suppliers for your ongoing collaboration, commitment and alignment with our shared vision. Your engagement has played a vital role in helping IRIS navigate challenges, pursue innovation and continue progressing with clarity and renewed momentum.

As we move forward into FY2026, we remain committed to revolutionising the Trusted ID landscape and delivering secure, intelligent solutions for a better, safer world. Together, we look forward to many more years of shared success, impact and growth.

DR. POH SOON SIM
EXECUTIVE CHAIRMAN